

AGENDA ITEM 3

COUNCIL
7 MARCH 2012
(19:15 TO 22:00)

PRESENT: The Mayor, Councillor Gilli Lewis-Lavender.
The Deputy Mayor, Councillor Chris Edge
Councillors Tariq Lord Ahmad of Wimbledon (from 21:30),
Agatha Akyigyina, Stephen Alambritis, Mark Allison, Stan
Anderson, Laxmi Attawar, Mark Betteridge, John Bowcott,
Margaret Brierly, Richard Chellew, David Chung, David Dean,
John Dehaney, Nick Draper, Iain Dysart, Suzanne Evans,
Karin Forbes, Brenda Fraser, Samantha George, Suzanne
Grocott, Maurice Groves, Gam Gurung, Jeff Hanna, Richard
Hilton, James Holmes, Janice Howard, Mary-Jane Jeanes,
Philip Jones, Andrew Judge, Linda Kirby, Logie Lohendran,
Edith Macauley, Russell Makin, Maxi Martin, Peter McCabe,
Krystal Miller, Ian Munn, Diane Neil Mills, Oonagh Moulton,
Henry Nelles, Dennis Pearce, John Sargeant, Judy
Saunders, Linda Scott, Rod Scott, Debbie Shears, David
Simpson, Peter Southgate, Geraldine Stanford, Sam Thomas,
Ray Tindle, Gregory Udeh, Peter Walker, Martin Whelton,
David Williams, Richard Williams, Miles Windsor and Simon
Withey.

1 APOLOGIES FOR ABSENCE (Agenda item 1)

Councillor Tariq Ahmad sent apologies for lateness

2 DECLARATIONS OF INTEREST (Agenda item 2)

Councillor Dennis Pearce declared a personal interest on the basis of his being the Chair of a third sector day care organisation for the elderly which is in receipt of a council grant.

3 MINUTES OF THE MEETING HELD ON 1 FEBRUARY 2012 (Agenda item 3)

Item 7 Motion 1 – Heading to read “Motion 1 LibDem/MPWIR”

RESOLVED: That the minutes as amended are agreed as a correct record

4 BUSINESS PLAN 2012-16 INCLUDING COUNCIL TAX FOR 2012-13 (Agenda item 4)

The Director of Corporate Services presented the report and answered a number of questions from members.

The Executive Leader of the Council, Councillor Stephen Alambritis moved “

“That the Council agrees the Business Plan 2012-16 including:-

- the General Fund Budget;
- the Council Tax Strategy for 2012/13 equating to a Band D Council Tax of £1,102.99;

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- the Medium Term Financial Strategy (MTFS) for 2012-2016;
- the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy);
- the Capital Strategy (Appendix 11 to the report)
- the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section , incorporating the Prudential Indicators as set out in this report, and agrees the formal resolutions as set out in Appendix 1 to the report.”

The Executive Leader’s speech is included in appendix 2 to these minutes.

Councillor Mark Betteridge formally seconded the resolution.

The Leader of the Conservative Opposition, Councillor Debbie Shears, addressed the budget and a copy of her speech is included in appendix 2 to these minutes.

The Leader of the Merton Park Ward independent Residents Group, Councillor Peter Southgate, addressed the budget and a copy of his speech is included in appendix 2 to these minutes.

The Leader of the Liberal Democrat Group, Councillor Iain Dysart, addressed the budget and a copy of his speech is included in appendix 2 to these minutes.

Amendment 1 moved by Councillor Peter Southgate and seconded by Councillor John Sargeant:

“This council notes that Cabinet has accepted all of scrutiny’s recommendations for savings not to be taken except two. These are both for adult social care:

	2012/13	2013/14	2014/15
	£000	£000	£000
Zero % inflation uplift to third party suppliers	-650	-600	-550
reducing transport usage by implementing eligibility criteria	-186	-112	-116

Council recognizes that these are significant savings, cumulating to £2.2m over three years. They are not without risk however, and affect vulnerable members the community.

In recommending against these savings, the Healthier Communities and Older People Overview & Scrutiny Panel expressed concern over the impact of the ze uplift on providers, particularly those in the voluntary sector. They felt that the transport service needed to be reviewed before financial savings could be identified, given the key role transport plays in the prevention agenda, helping to keep the elderly and disabled independent and socially active. Acknowledging the validity of these concerns, council requests officers to

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- undertake a review of the zero uplift policy for 2013/14 and 2014/15 and report back to scrutiny each year on its viability for suppliers
- agree a provision for both savings to have first call on the Closing the Gap Reserve (£5.768m), should either prove undeliverable or disadvantageous to its vulnerable users.”

The amendment was **agreed**

Amendment 2 moved by Councillor Iain Dysart and seconded by Councillor Mary-Jane Jeanes

“This Council recognises the continuing financial pressures faced by local authorities, necessitating difficult choices. It welcomes the Cabinet’s acceptance of all but two recommendations arising from the budget scrutiny process.

However, this Council considers the proposals set out in page 236 (Appendix 2) of the Budget Council meeting agenda for a) 0% inflation uplift to third party suppliers and b) reducing transport usage by implementing eligibility criteria to present unacceptable and unnecessary risks to some clients. Users include the elderly and those with physical and mental health conditions and these proposals risk higher social isolation and lower quality of life. The cost of these in 2014/15 will be £1.8m p.a. for a) £414,000 p.a. for b) and can be more than safely funded from the appropriation of Council reserves. The full four-year impact of funding both a) and b) is £ 6,812,000.

Council accordingly resolves that this £ 6,812,000 be taken firstly from the currently uncommitted Outstanding Capital Programme Board Reserve of £ 3,925,000, with the remainder (£ 2,887,000) from the Contribution to Closing the Gap Reserve.”

Voting: For 2, Against 31, Not voting 26 – The amendment was **lost**

Amendment 3 moved by Councillor Iain Dysart and seconded by Councillor Mary-Jane Jeanes

“Whilst not part of this year’s budget discussion, this Council also recognises and understands the difficulties to residents and businesses resulting from last year’s decision to reduce the amount of free parking at shopping parades from the first 20 to the first 10 minutes. It believes that small to medium sized enterprises in particular play a vital role in boosting the local economy, and that the £ 30,000 in each of the next four years it would cost the Council to restore the position pertaining prior to last year’s budget is more than outweighed by the likely benefits, particularly given that currently unallocated reserves are available.

Council therefore resolves to ask Cabinet to consider the return of the first 20 minutes of free parking, with the total cost of £ 120,000 to be funded from the Closing the Gap Reserve.”

Voting: For 30 Against 0, Not voting 28 – The amendment was **carried**

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Amendment 4 moved by Councillors Diane Neil Mills and Oonagh Moulton

“Before Recommendation 1 of the report, add:

“That the Council agrees to set up a Service Protection Reserve of £3.4million from the 2011/12 under spend and £5.768million from the Closing the Gap Reserve.”

Under Recommendation 1 of the report, after “the General Fund Budget” add:

“as amended by the following recommendation

Recommendation	Details	£000	Funding	£000
Support local businesses	We want the Council to support local businesses by reintroducing 20 minute parking where it has been removed and introduce it to other local shopping parades wherever possible.	800	<ul style="list-style-type: none"> The £3.4million under spend allocated to a Service Protection Reserve will fund this. It would need to be reviewed during the next 4 years in terms of funding going forward from 2016/17. 	800
	Total cost of Recommendation between 2012/13 and 2015/16 inclusive: Revenue	800		

Voting: For 25 Against 31, Not voting 2 – The amendment was **lost**

Amendment 5 moved by Councillors Maurice Groves and Suzanne Evans

“Before Recommendation 1 of the report, add:

“That the Council agrees to set up a Service Protection Reserve of £3.4million from the 2011/12 under spend and £5.768million from the Closing the Gap Reserve.”

Under Recommendation 1 of the report, after “the General Fund Budget” add:

“as amended by the following recommendation

Recommendation	Details	£000	Funding	£000
Protect the vulnerable	Not to take the following cuts: <ul style="list-style-type: none"> Options Pack page 10 Level 2 – 0% inflation uplift to third party suppliers Options Pack page 13 Level 3 – Reducing transport usage by implementing eligibility criteria 	5,500	<ul style="list-style-type: none"> The remainder of the £3.4million under spend together with monies from the Closing the Gap Reserve allocated to a Service Protection Reserve will fund this. It would need to be reviewed during the next 4 years in terms of funding going forward from 2016/17. 	6,812
	Total cost of	6,812		

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	Recommendation between 2012/13 and 2015/16 inclusive: Revenue			
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Voting: For 25 Against 31, Not voting 2 – The amendment was **lost**

Amendment 6 moved by Councillors David Simpson and Samantha George

“Before Recommendation 1 of the report, add:

“That the Council agrees to set up a Service Protection Reserve of £3.4million from the 2011/12 under spend and £5.768million from the Closing the Gap Reserve.”

Under Recommendation 1 of the report, after “the General Fund Budget” add:

“as amended by the following recommendation

Recommendation	Details	£000	Funding	£000
Work with the voluntary sector	Not to take the following cut: <ul style="list-style-type: none"> CS65 – Reduce the net funding from LBM to the voluntary sector Total cost of Recommendation between 2012/13 and 2015/16 inclusive: Revenue	1,120 1,120	<ul style="list-style-type: none"> A reduction in the contingency will provide ongoing revenue savings and instil increased budgetary discipline. This is a cut to funding for organisations providing front line services which we wish to save long-term. 	1,120

Voting: For 27 Against 31, Not voting 1 – The amendment was **lost**

Amendment 7 moved by Councillors David Williams and James Holmes

“That the following further Recommendation be added:

“In order to bring greater financial rigour to the Council’s budget setting and financial control, that approval for the creation and use of reserves be retained by the full Council and that this intention, which may require constitutional changes to revised financial regulations be referred to the next meeting of the Overview & Scrutiny Commission for the identification of a scheme of implementation at the earliest opportunity in the next financial year (2012/13).

In the interim:

- That the allocated contingency for 2012/13 (£2 million) and the Closing the Gap Reserve (£5.768million) already included for 2012/13 be placed in a new ‘Service Protection Reserve’ together with the anticipated 2011/12 budget surplus once identified after the closure of the 2011/12 Accounts;
- That the decisions taken by the Director of Corporate Services to pre-allocate £2million of the 2011/12 under spend into a Repair and Renewals Fund and £500,000 into an Apprenticeships Reserve be rescinded

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and these monies be added into the Service Protection Reserve, to preserve complete transparency on the magnitude of the 2011/12 year end position and to inform budget monitoring and scene setting for the 2013/14 Budget; and

- That the Council recognises that the General Fund Balances provide an adequate assessment and protection against financial risk for the 2012/13 Business Plan and Budget - which have been through Overview and Scrutiny - and that new (in year) proposals which arise and have not been budgeted should be funded from virements or approved release of reserves.”

A roll call vote was taken:

Voting for:

Councillors Tariq Lord Ahmad of Wimbledon, John Bowcott, Margaret Brierly, Richard Chellew, David Dean, Suzanne Evans, Samantha George, Suzanne Grocott, Maurice Groves, Richard Hilton, James Holmes, Janice Howard, Logie Lohendran, Krystal Miller, Diane Neil Mills, Oonagh Moulton, Henry Nelles, Linda Scott, Rod Scott, Debbie Shears, David Simpson, Ray Tindle, David Williams, Miles Windsor, Simon Withey and the Deputy Mayor Councillor Chris Edge

Voting against

Councillors Agatha Akyigyina, Stephen Alambritis, Mark Allison, Stan Anderson, Laxmi Attawar, Mark Betteridge, David Chung, John Dehaney, Nick Draper, Brenda Fraser, Gam Gurung, Jeff Hanna, Philip Jones, Andrew Judge, Linda Kirby, Edith Macauley, Russell Makin, Maxi Martin, Peter McCabe, Ian Munn, Dennis Pearce, Judy Saunders, Geraldine Stanford, Sam Thomas, Gregory Udeh, Peter Walker, Martin Whelton and Richard Williams,

Not voting

Councillors Iain Dysart, Karin Forbes, Mary-Jane Jeanes, John Sargeant, Peter Southgate and the Mayor Councillor Gilli Lewis-Lavender

Voting: For 26 Against 28 Not voting 6 – The amendment was **lost**

Amendment 8 moved by Councillors Suzanne Grocott and Diane Neil Mills

“That the following further Recommendation be added:

“This Council notes the lack of in depth scrutiny of the detail of the 2012/13 Capital Programme, as highlighted by the Overview and Scrutiny Commission itself at its meeting on 7 February 2012, and is concerned that there has been no analysis of the high level figures provided and therefore no scrutiny of those individual items which have been removed or added into the programme.

This Council believes it is important for the sake of transparency and accountability that the Capital Programme is subjected to full and proper

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All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at www.merton.gov.uk/committee.

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scrutiny. Scrutiny was undertaken of the high level Capital Programme but this Council now:

- a) calls on the Overview and Scrutiny Commission to scrutinise Annex 3 and Annex 4 of the proposed Capital Programme for 2012/13 at its meeting on 13 March 2012 and to refer any comments and recommendations back to Full Council for consideration on 28 March 2012; and
- b) resolves that specific approval for any individual Capital Programme expenditure items in excess of £250,000 be retained by Full Council and that the constitutional changes to revised financial regulations – with officer recommendations on implementation – be brought back in accordance with the framework set down for changes to the Constitution.””

Voting for 28 against 28. The Mayor used her casting vote in favour. The amendment was **carried**

The substantive motion was put to the vote:

Voting for 31, against 1 not voting 28 the substantive motion was **carried** and it was

RESOLVED:

- 1) That the Council agrees the Business Plan 2012-16 including:-
 - the General Fund Budget;
 - the Council Tax Strategy for 2012/13 equating to a Band D Council Tax of £1,102.99;
 - the Medium Term Financial Strategy (MTFS) for 2012-2016;
 - the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy);
 - the Capital Strategy (Appendix 11 to the report to Council) the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section , incorporating the Prudential Indicators as set out in this report, and agrees the formal resolutions as set out in Appendix 1 to these minutes.
- 2) That the Council notes that Cabinet has accepted all of scrutiny’s recommendations for savings not to be taken except two. These are both for adult social care:

	2012/13	2013/14	2014/15
	£000	£000	£000
Zero % inflation uplift to third party suppliers	-650	-600	-550
reducing transport usage by implementing eligibility criteria	-186	-112	-116

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Council recognizes that these are significant savings, cumulating to £2.2m over three years. They are not without risk however, and affect vulnerable members the community.

In recommending against these savings, the Healthier Communities and Older People Overview & Scrutiny Panel expressed concern over the impact of the zero uplift on providers, particularly those in the voluntary sector. They felt that the transport service needed to be reviewed before financial savings could be identified, given the key role transport plays in the prevention agenda, helping to keep the elderly and disabled independent and socially active. Acknowledging the validity of these concerns, council requests officers to

- undertake a review of the zero uplift policy for 2013/14 and 2014/15 and report back to scrutiny each year on its viability for suppliers
- agree a provision for both savings to have first call on the Closing the Gap Reserve (£5.768m), should either prove undeliverable or disadvantageous to its vulnerable users.”

3) Whilst not part of this year’s budget discussion, this Council also recognises and understands the difficulties to residents and businesses resulting from last year’s decision to reduce the amount of free parking at shopping parades from the first 20 to the first 10 minutes. It believes that small to medium sized enterprises in particular play a vital role in boosting the local economy, and that the £ 30,000 in each of the next four years it would cost the Council to restore the position pertaining prior to last year’s budget is more than outweighed by the likely benefits, particularly given that currently unallocated reserves are available.

Council therefore resolves to ask Cabinet to consider the return of the first 20 minutes of free parking, with the total cost of £ 120,000 to be funded from the Closing the Gap Reserve.

4) This Council notes the lack of in depth scrutiny of the detail of the 2012/13 Capital Programme, as highlighted by the Overview and Scrutiny Commission itself at its meeting on 7 February 2012, and is concerned that there has been no analysis of the high level figures provided and therefore no scrutiny of those individual items which have been removed or added into the programme.

This Council believes it is important for the sake of transparency and accountability that the Capital Programme is subjected to full and proper scrutiny. Scrutiny was undertaken of the high level Capital Programme but this Council now:

- a) calls on the Overview and Scrutiny Commission to scrutinise Annex 3 and Annex 4 of the proposed Capital Programme for 2012/13 at its meeting on 13 March 2012 and to refer any comments and recommendations back to Full Council for consideration on 28 March 2012; and

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- b) resolves that specific approval for any individual Capital Programme expenditure items in excess of £250,000 be retained by Full Council and that the constitutional changes to revised financial regulations – with officer recommendations on implementation – be brought back in accordance with the framework set down for changes to the Constitution.

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APPENDIX 1 - RESOLUTIONS

RESOLUTIONS

Revenue Report:

1. Members consider the views of the Overview and Scrutiny Commission set out in Appendix 2 to the revenue report and in a separate report on the agenda (Item 7), and approve the proposed budget for 2012/13 set out in Appendix 8 of the revenue report, together with the proposed Council Tax levy in 2012/13.
2. That it be noted that at its meeting on 12th December 2011 the Council calculated its **Council Tax Base for the year as 74,816.2** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 10,807.2** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 31A to 49B of the Localism Act 2011, amending Section 32 of the Local Government Finance Act 1992.
 - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act

	£m
Gross Revenue Expenditure of Service Committees	495.073
Corporate Provisions	31.527
Amounts Payable to the Levying Bodies	0.811
Contribution to Financial Reserves	0.000
Gross Expenditure	527.411

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act

	£m
Gross Income	444.622

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

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APPENDIX 1 - RESOLUTIONS

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31(4) of the Act, as its Council Tax Requirement for the year

	£m
Council Tax Requirement for the Council's own purposes for 2012/13 (including special expenses re WPCC)	82.789

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant, redistributed non-domestic rates and Council tax freeze grant 2011/12 to constitute the Council's formula grant

	£m
Revenue Support Grant	1.179
NNDR	58.782
Council Tax Freeze Grant 2011/12	2.060
Formula Grant	62.021

- e) being the amount at 4(c) above, divided by the amount for Council Tax Base at 2 above, calculated by the Council above, in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including special items (WPCC)).

	£
Merton's General Band D Council Tax Levy (including properties within Wimbledon and Putney Commons Conservators area)	1,106.56

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£
Wimbledon and Putney Commons Conservators Special Levy	266,901

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- g) being the amount at 4(e) above, less the result given by dividing the amount at 4(f) above by the amount of the WPCC Council Tax Base at 2 above in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items (WPCC special levy) relates.

	£
Merton's General Band D Council Tax Levy (excluding WPCC)	1,102.99

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated in accordance with Section 34(1) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	£
Wimbledon and Putney Commons Conservators Band D	1,127.69

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Part of the Councils Area	735.33	857.88	980.44	1,102.99	1,348.10	1,593.21	1,838.32	2,205.98
Parts inc. WPCC	751.79	877.09	1,002.39	1,127.69	1,378.29	1,628.89	1,879.49	2,255.38

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5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2012/13 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
G L A	204.48	238.56	272.64	306.72	374.88	443.04	511.20	613.44

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
	939.81	1,096.44	1,253.08	1,409.71	1,722.98	2,036.25	2,349.52	2,819.42
Parts inc. WPC	956.27	1,115.65	1,275.03	1,434.41	1,753.17	2,071.93	2,390.69	2,868.82

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APPENDIX 2 – BUDGET SPEECHES BY THE EXECUTIVE LEADER AND GROUP LEADERS

The Executive Leader of the Council, Councillor Stephen Alambritis

Madam Mayor

Last year's Budget was about rescuing Merton's finances

Today's Budget is about putting the council's finances on a surer footing for the long term

I therefore move the business plan and the budget proposals as set out in Recommendation 1 with particular reference to the formal resolution as set out in Appendix 1 to the Report

Madam Mayor

As you know I am a businessman at heart

When businesses face hard times they have to make difficult choices whilst keeping as much of the business going as they can

They have to be careful not to overspend in the short term or they know they will risk problems further down the line

The best businesses, the businesses that survive for the long term, are those that face up to the hard decisions whilst managing existing resources as carefully as possible

In these times of economic uncertainty our residents want security

They want a council that is business-like in its approach and that can take the hard decisions whilst still protecting the key services people need

We know that a reckless strategy of "spend now, pay later" is not what our residents want

This budget delivers the business-like approach our residents want

Through efficiencies now we are safeguarding our services for the future

Through "prudence for a purpose" we are maintaining a level of reserves to deal with unforeseen events and to act as a buffer in these difficult economic times

Reserves are consistent with those held by the previous Conservative administration and are in line with the coalition government's very own Audit Guidelines

Madam Mayor

We are here tonight after a long journey

A journey of 14 months

Each year Merton has a duty to balance the budget

Given the cuts in Government funding this is becoming increasingly difficult

But in Merton we agreed to be business-like and inclusive in our approach

We agreed to work together across all political parties to find a way through

Because a thriving business is never just about one individual – it's about a team

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APPENDIX 2 – BUDGET SPEECHES BY THE EXECUTIVE LEADER AND GROUP LEADERS

I would particularly like to thank Cllr Southgate as Chair of the Commission

I also wish to thank the Leader of the Opposition for her comprehensive response to the budget options set out by officers back in October

Councillor Debbie Shears said in that response:

“We will be playing our full part in the scrutiny of the budget over the months to come”

I know they have done that and I thank all her Councillors

Thanks must also go to Cllrs John Sargeant and Karin Forbes who with their Leader, Cllr Peter Southgate, represent the Merton Park Independents

I would also like to thank the Leader of the Liberal Democrats, Cllr Iain Dysart and his colleague Cllr Mary-Jane Jeanes

All my Councillors and all my Cabinet Members and of course, the Cabinet member for Finance, Cllr Mark Allison and my Deputy Leader, Cllr Mark Betteridge, deserve my thanks

The biggest chunk of thanks must go to all councillors and to all staff on Scrutiny

Madam Mayor,

At the start of the process Merton was faced with having to save £44 million over the next three years

In July of last year full Council agreed a set of key budget principles to ensure we protected those areas that were of most concern to our residents

We agreed to continue to provide statutory services

We agreed to protect the services of our older and most vulnerable residents

We agreed to keep the council tax affordable without being reckless over its level

We agreed to keep Merton’s streets clean

We agreed to ensure Merton continues to be a good place for young people to go to school

And we agreed to do the best we can for the local environment

But we also agreed that everything else needed to be up for discussion

As far back as January 2011, officers started to investigate and challenge every area of the council’s budget

Through a series of service reviews which delved into the detail of the council’s spending, officers identified areas:

Where greater efficiencies could be made

Where we could share services with other councils

And where we could get a better deal from our suppliers

But we knew efficiencies alone would not bridge a £44m gap

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APPENDIX 2 – BUDGET SPEECHES BY THE EXECUTIVE LEADER AND GROUP LEADERS

Inevitably, due to the level of savings required, officers also needed to identify some cuts to services

But we always stuck to the principles we agreed as a council in July, protecting the key services our residents need

In a first for Merton, in October last year all officer savings options were presented to all councillors across all parties for initial review

Based on the principles agreed in July, cabinet confirmed it did not support a number of the officer options

As a result:

Merton **will not** be closing libraries or Morden Park Leisure Centre or any of the borough's parks, or our paddling pools or the Childrens centre's , nor will we cease to lock parks at night and we will not be introducing a charge for bulky waste collection or ending weekly street sweeping or ending the food waste service

And, finally

Merton **will not** be ending the council's CCTV service

It was a real vote of confidence in the process when Scrutiny first looked at the officer options-it fully supported the cabinet position on rejecting all of these savings

Madam Mayor

In December the Overview and Scrutiny Commission agreed to £14m worth of uncontentious savings that could be taken early

These were then agreed by full council in February

I thank Scrutiny for agreeing these savings early as this has allowed us to reduce the impact on future years

In January and February of this year officers and Cabinet worked with members of the Scrutiny Commission to analyse remaining savings options

Scrutiny accepted £8.5m of further savings and these are the savings that are on the table here tonight.

Scrutiny rejected a number of other savings. In keeping with our business-like approach, Cabinet listened to Scrutiny and agreed with Scrutiny on almost all of the savings they rejected

As a result we won't be cutting the Duke of Edinburgh Awards and we won't be reducing our youth services

And we won't be cutting funding to voluntary groups working with children and families

These decisions are consistent with the July principles

Cabinet was able to do this because our sound financial management during the year meant that we had a little more flexibility

Just two savings rejected by Scrutiny were accepted by cabinet and this is because

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we are confident they will not impact on the lives of vulnerable people. Cllr Kirby will discuss these further

Madam Mayor

Following fourteen months of options, presentations to community fora, two rounds of scrutiny, cabinet meetings, businesses consulted, conferences, seminars, working groups, plenary sessions, motions, resolutions and meetings on football pitches and on farms

We come as Shakespeare's King Lear said, to this great stage of final debate

It was on the football fields of Lower Morden that we resolved to continue to be one of the only borough's in the country that offers free pitches to our Little Leagues

And it was on the farm lands of Colliers Wood that we have found a solution that means Deen City Farm continues to have our support

Through management action, savings put forward in last year's budget have been found elsewhere so I am pleased to announce that Deen City Farm's grant is safe

Now, Madam Mayor

We all yearn for praise and is it not nice to receive such praise especially from an unexpected quarter?

Here are a couple of extracts from a letter I received only this Monday:

"I was pleased to read that inspectors were impressed with the commitment and success of the council and its partners, in securing continuous improvement in safeguarding services"

The second extract reads:

"I encourage you to do all you can to ensure a relentless focus on this area, and to deliver the best possible services....."

I can assure this Chamber, Madam Mayor that:

Tonight's budget is entirely focused on delivering the outcome suggested by the Minister of State for Children and Families and the Conservative Member of Parliament for East Worthing and Shoreham, Mr Tim Loughton

Madam Mayor

Every year, with all party support, we undertake a major survey of Merton residents and that survey is now out

Our residents are saying that we are doing a good job

That we are efficient

And that we are well run

But they also say that they are concerned about crime in the borough and that is why I am pleased that Cllr Edith Macauley, has managed to ensure the future of Safer Merton

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The Residents Survey also shows that local people prize their libraries and know they offer a good service

Under Cllr Martin Whelton, we have actually increased opening times and ended lunchtime closing, where other councils are closing libraries

Madam Mayor

Every business knows that even in times of cut backs and retrenchment, it needs to invest in the future. As I'm sure the Business Secretary Vince Cable would agree, as well as managing the finances, we need a strategy for growth

To this end there are a number of projects planned for which the council is making large-scale investments, in particular to cater for the huge increase in the number of children in the borough

Under the auspices of Cllr Peter Walker, Merton will be investing huge sums into expanding our schools

We have a legal duty to offer every child a school place and we will deliver on this duty

Our investment for the long term will create an extra 3,780 school places to ensure every child in the borough can be educated within walking distance from their home

Everywhere I go businesses tell me that we must be ambitious for the borough and we must have plans for growth

I know that when Cllr Judge speaks later he will outline just such plans for the regeneration of our town centres and on other proposals he is fully consulting on

Madam Mayor and in conclusion

We will always be business-like and we will take decisions however difficult they are

But we will make those decisions in a way that is fair, open and transparent involving and engaging all the parties, all the councillors, all the officers, all the staff and all the residents in a major marriage of minds

We have done that this year and we will continue to do so for future years

Madam Mayor,

I commend this business plan and this budget to the Chamber

The Leader of the Conservative Opposition, Councillor Debbie Shears

Madam Mayor,

Fees have gone up, services have gone down and £40 million is being stashed away by Labour.

This is the essence of the Budget this year.

Since the start of the Budget process in October, the Leader of the Council and his Cabinet members have repeatedly stated these are 'officer options'. It was the

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'officers' options pack' we were all given to consider, it was apparently officers who proposed which services to cut, so I can only conclude that this is an officer-led budget. And that it is officers – not Labour councillors – who are running Merton Council.

I'm sure the residents of Merton would be horrified to know that decisions affecting how their money is spent and provision of the services they rely on are being determined not by their elected representatives but by paid officers.

Labour lack ideas and are unable to give a steer as to the direction this council should take and could not produce their own budget options. In fact I would go further and ask precisely what other suggestions the Labour group asked to come forward for consideration as part of this budget proposal? In fact I've been told there were no other proposals considered, so was there really no political direction given? In which case, what exactly is the point of this minority administration?

Conservatives strongly support bringing forward efficiency savings as soon as possible rather than waiting until March each year. We made this clear in the letter submitted to Cabinet in response to its options pack, but Labour don't take driving out efficiencies seriously. At last year's budget we gave them a list of efficiencies, surprisingly these have not been taken. Labour have squandered the opportunity of saving considerable amount of tax payers' money.

There are undoubtedly greater efficiencies that this Council should and could make to reduce the demand on the public purse but Labour don't really want to do that. Instead they are happy to hoard millions of pounds of tax payers' money.

Since October we have heard repeatedly from them that there is a £44million budget gap and just how difficult it was going to be for the council to continue to providing services. However looking at the papers today, we see that not only has next year's budget been balanced with the £12million surplus generated this year but the following year too through further under spends and additional charges that are forecast, such as the new garden waste charge, the introduction of the Hartfield Road bus lane and increased parking charges.

In a well controlled and financially prudent council, services should be provided at cost rather than as seems to be the case in this authority, largely inflated. Money is being stock piled for future years. Labour has a massive surplus this year of £12million so why are they still cutting front line services on which so many people rely?

Under Labour the Council's earmarked reserves have increased in just one year from £30million to £33million. Residents would be truly shocked to learn that their hard earned money is being squirreled away like this rather than being used to lessen the impact of years of poor financial control by the last Labour government on their every day lives during these hard times.

We've seen no clear explanation as to why these huge reserves are being built up. Labour are simply not being open and honest with this Council or with Merton

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residents. One can only conclude they are building this up as an election pot for 2014.. Residents right across Merton, and not least in the east of the borough, are finding life tough. Any help the council can give should be taken so as to help alleviate suffering and poverty now.

Labour may want us to believe this is an officer's budget. However the reality is that these budget cuts are those chosen by the Labour Group; they have decided which groups should be hit.

They were the ones who wanted to scrap the council's anti-social behaviour team at a time when crime is the number one concern of residents. And they were the ones who wanted to close youth clubs, scrap the Duke of Edinburgh award scheme and withdrawn summer holiday activities scarcely 6 months after the riots that hit our borough hard. And despite Labour's claiming to stand up for the vulnerable, in reality the vulnerable don't feature very highly on this administration's list of priorities with regard to budget protection.

Cabinet have repeatedly endorsed officer options without consulting the residents who will be affected. That's because Labour just doesn't want to listen, otherwise why did they scrap most of the community forums last year? Contrast this with one of our neighbouring boroughs, Conservative controlled Croydon, who have conducted a meaningful and full scale budget consultation. All residents got in Merton was a special edition of the administration's propaganda vehicle, My Merton at an extra cost to the taxpayer of £13,282.

There has been a lot of paper produced as part of the Budget this year. However whilst there may have been a wealth of information printed, this budget process has probably been the most confusing for Members and the public to understand, constantly having to cross reference between many sets of papers.

Not all councillors have an in depth knowledge of finance and accounting procedures, and it has been very difficult for non executive Members to get a real handle on the figures. This hasn't been helped by the Cabinet using figures in different contexts purely for political gain.

There has not been enough time to scrutinise the budget properly or go through each budget line in detail to understand what the large headline figures are actually going to mean for residents. Had the Wimbledon Little League not started a campaign, councillors would not have known through the budget information supplied that the cessation of free football for our young people was proposed.

Fortunately due to the publicity and the strength of residents' support for free football across the borough, the Leader has had to make an embarrassing U-turn on that saving. I very much welcome this but the question remains for councillors; what other nasty surprises are hidden in the savings proposals before us tonight? Indeed we know that savings have been proposed in some areas but officers simply don't know how they will achieve those savings.

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The most pressing demand on this council's capital programme is of course the need for a new primary and secondary school. Yet it is unclear from these papers if this council is proposing capital money for this purpose or not. Now we know the Cabinet member can't quite make up his mind on this but Members and residents deserve to be able properly to monitor significant expenditure projects of this kind. This applies equally to Morden Park Pool.

Also despite assurances last year to the contrary, Scrutiny have not been able to consider the savings already agreed last year, that are to be implemented this year and their impact on proposed savings this year as there has been no detail within the budget papers. This has led in some instances to a double whammy effect, especially when it comes to the vulnerable and the local voluntary sector.

This mixture of increased fees and reduced services is bad news for Merton residents. Fortunately for them, the Conservative government has proactively helped by not just freezing council tax for 1 year but for 2 thereby giving residents more money in their own pockets.

Similarly Conservative Mayor of London, Boris Johnson is also helping by reducing his part of the council tax by 1% this year. This follows on from an unprecedented 3 year freeze of the precept which has saved the average household in London £445, all at the same time as making significant investment in the much needed regeneration of South Wimbledon, Colliers Wood and Mitcham.

Conservatives nationally and locally believe that residents should have the choice to decide how their money is spent. Giving residents more money in their pockets with which to manage their own household budgets is a principle that Conservatives at every level of government believe in passionately. Compare that with a 152% hike in the precept under the last Labour Mayoralty and a council tax rise of over 70% in the last 8 years of the previous Labour administration in Merton.

Madam Mayor, nationally and locally Labour are showing they are not the party to be trusted with public money. Here in Merton all they seem to want to do is cut services, charge residents more and build up a £40 million election pot while not telling the people what it's for.

The Leader of the Merton Park Ward Independent Residents Group, Councillor Peter Southgate

This is the sixth occasion on which I have led the response from the Merton Park Independents to the budget, and it is without doubt the most ambitious budget we have attempted in those six years. Whereas in the past we have focused on the year immediately ahead and paid less attention to the Medium Term Financial Strategy, this time we have tried to model a budget that will take us to the end of this council and beyond, through to 2015/16.

Uncertainty increases the further you get into the future, and this sets limits to the process, but by and large we are much better sighted on where we will be in 2 years' time than we have ever been in the past. We have tended to lament the impact of

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the coalition's austerity programme and how it is forcing us into savings we don't want to make. I'd like to take a slightly contrarian view and point out that good things have come out of it as well, because we've been forced through necessity into taking a deeper and more fundamental look at our finances than we ever have before.

Evidence is to be found in the service reviews we've been looking at in scrutiny. Officers have put forward proposals for more efficient and effective ways of working which we should be adopting, regardless of whether we're trying to save money or not. I have in mind shared services with neighbouring boroughs, working more closely with partners such as Sutton and Merton NHS and using technology to allow older people to stay independent in their own homes. It is sometimes the case that members are reluctant to change from the ways we have always delivered services. We should not be reluctant, we should be more willing to innovate if by changing we can secure better outcomes for users.

The second positive outcome from this budget I want to highlight is the re-profiling of the capital programme. The effect of this has been transformational, not only on the capital programme itself which has been reduced by £20.5m in total, with a further £20.8m planned for 2012/13 rescheduled into later years. Compared with last year's budget, growth in the capital programme has come down from £53.1m to £25.8m. This has had a major impact on the revenue budget, reducing the provision by £9m in 2012/13 alone and by £4-5m in subsequent years. We would like to congratulate officers on this re-profiling, which dramatically reduces the deficit we face in future years.

Turning next to the scrutiny of the budget, we took advantage of the release of the budget options pack back in October last year for all the panels to scrutinise the savings within their remit in two stages, allowing the less contentious savings to be brought forward for early implementation. Given the scope of the budget this time, spanning across several years, I believe it was right to devote this amount of scrutiny time to it – but it may not be necessary to do so next year, or in subsequent years.

After two rounds of scrutiny we identified a total of £1.308m of savings for 2012/13 and £4.303m cumulated over the three years to 2014/15 that we recommended to Cabinet should not be taken. That's in addition to the savings already rejected by Cabinet, rejections we endorsed.

I don't think we have ever recommended against savings on this scale before, so it says something for the credibility of scrutiny in Merton that Cabinet accepted all but two of our recommendations. We were particularly pleased that Cabinet did not proceed with savings in youth provision, or with a £500,000 reduction in the commissioning budget for CSF.

There are two savings that Cabinet wish to take notwithstanding scrutiny's recommendation against doing so, and they are the subject of an amendment I will introduce later. With the proviso that the amendment is passed, we are content to support the budget, recognising that all of scrutiny's concerns have been acknowledged by Cabinet.

We now have a balanced budget for 2012/13 and we are reasonably sighted on the

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following year 2013/14 with a deficit of just £1.7m to address. Beyond that, it starts getting more difficult again, with a deficit of £9.2m for 2014/15 and £14.4m for 2015/16. Bear in mind you can only re-profile the capital programme once!

The Leader of the Liberal Democrat Group, Councillor Iain Dysart

Thank you Madam Mayor. When, in the national interest, the Liberal Democrats entered Government, we knew it would mean several years of hard and often unpopular decisions. It takes time to repair the damage caused by the poor choices of investment banks and the financial incompetence of Labour's 13 years. Even now, Gordon Brown's claim to have abolished boom and bust, fanciful then, laughable now, casts a shadow over our political landscape. Why didn't they listen to Vince Cable?

But here's the rub. National Labour ducked the hard choices. They chickened out of confronting their mess. Lib Dems took responsibility and never again can a Lib Dem vote be called a wasted vote. Yet even now, Labour pretends that you resolve a debt problem by creating more debt. I'm struck by some opinion polls claiming that Ed Miliband's personal popularity is lower than Nick Clegg's; quite an achievement and colleagues on that side of the chamber should be worried. The one strategy Ed has of trying to disown the regime of which he was once a part clearly isn't working. Perhaps the Leader should ask David to advise?

We remember the dire predictions that if last year's Merton budget was bad; we'd seen nothing yet. Cold comfort for individuals and families facing higher charges, community groups with lower grants, anyone with wages frozen, let alone those out of work. The mission statement within the Business Plan that by 2015 Merton will be up to a third smaller in size will have its incalculable human costs. As for this year's Budget, we've heard here and from Labour authorities across the country that it's all that horrible, mean, nasty Coalition's fault.

But you have to hand it to Labour in one respect. They instructed officers to present the worst-case scenarios, asking us to face some unpalatable choices. And many were, not least the Level 3 proposals. So I'll confess that when seeing the papers for the 20th February Cabinet meeting I was surprised. We had been told how useful the scrutiny process was. How our concerns would be listened to and some proposals re-thought. I hadn't expected Cabinet to accept all but two of scrutiny's recommendations. But I haven't fallen off a Christmas tree.. I've learned never to take anything at face value.

And then, the penny dropped! In May, there's something called...a Mayoral election! Boris has done his bit; announcing some welcome funding for South Wimbledon and Colliers Wood, in time to persuade people to vote Conservative. And Labour's response is to present a Budget which looks less bad than we were told to fear, to help Red Ken. I'm not sure what Red Ken has offered in return; it isn't as though he knows where Outer London is! But that's for them to resolve. However, since next year isn't an election year, whereas 2014 will be, what's the betting on savage cuts being presented, to be followed by a bumper giveaway, with the help of substantial reserves, to assist the election of a majority Labour Council? Not that this helps the

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loyal staff we lost last year, the further 32 predicted this year and those remaining within such challenging circumstances.

Madam Mayor, we will stand up for communities of all ages, protect those who can't help themselves, and reject false economies, all within a sound financial framework. This was how we approached and handled the scrutiny process.

Can I conclude by thanking Councillor Peter Southgate for chairing the Scrutiny process; a challenging job, which I fear, will only get harder. Not that he needs this advice, but I'll offer it anyway. As I say to many people, "keep calm and carry on". Tempting, as the alternatives may often seem, I won't spell them out! Thank you.